

jobs, losing their homes, watching the value of their stocks, their pensions, their 401(k)s. All are worth less today than they were even a few weeks ago. So the American people do not need a tutorial on whether things are tough out there. They are living it and their families are and they want to know whether their Government is doing anything about it to make a difference.

Income is stagnant, and for many people it is falling at precisely the time Americans are experiencing increasing costs in their daily lives. The source of wealth creation in this country has been damaged badly. Housing, which is a source of great wealth creation for many people, is losing value. Stocks, we know, have lost value. Bonds are losing value. These are the items upon which many Americans, through mutual funds and other vehicles, are able to increase their wealth, increase their security, prepare for their retirement, assist their children to achieve a higher education and to lead decent lives with a degree of happiness and hope that Americans ought to expect, living in this great country of ours. But all these items have been badly damaged over the last number of weeks and compound that loss of wealth creation with the fact that gasoline prices are going up, food costs are going up, health care costs are going up, and the cost of an education is going up. At the very time the source of wealth creation is going down, the cost of living is rising.

Unemployment numbers are also worrisome. In the month of May, we saw a one-half of 1 percent increase in unemployment. That is the largest single monthly increase in unemployment in 22 years in our Nation.

The root cause of all this—again, you don't need to know all this because you have been feeling it—the root cause of all this is the virtual collapse of the housing market that, in my view, did not have to happen. This did not have to occur. This is not a natural disaster. It is not a hurricane or a cyclone or a snowstorm. This is a problem that was created because the people responsible for being the cops over these institutions were not doing their job. As a result, we are in the mess we are in today.

I do not want to oversimplify it, but virtually that is what happened. The collapse was caused by what the Secretary of the Treasury has described as "bad lending practices" that were at best ignored and, in crucial respects, knowingly tolerated, if not encouraged, by Government officials over the last number of years. As a result, every single day in this country, Madam President, 8,000 to 9,000 of our fellow countrymen are entering into foreclosure. Home prices nationwide have dropped by the largest and most precipitous amounts since the Great Depression back in the 1930s. Tens of millions of Americans have watched their retirement savings, their pension funds, and the value of their homes fall by alarming amounts.

Madam President, I want to remind my colleagues that this legislation has proven time and time again to enjoy strong bipartisan support. Again, without the work of my partner in all of this, Senator SHELBY, we wouldn't have arrived at that remarkable result. But my colleagues who have been with us on all of this, those who have added their ideas to this legislation, who have brought thoughtful proposals and added comments as well as specific ideas, deserve a great deal of credit for this as well.

Shortly before we left for our July recess, this piece of legislation passed this Chamber by a vote of 79 to 16. Yesterday, in the House, the bill received a bipartisan vote of 272 to 152. It is time to take up this bill one last time and send it to the President for his signature.

Let me review for my colleagues, if I may, exactly what it is we are working so hard to achieve. The bill we are about to adopt, and that we have worked on for weeks and months, has a number of key elements, all of which have been supported by the strong bipartisan votes in this body. First, we have the HOPE for Homeowners Act, which we are told will help somewhere between 400,000 to in excess of 500,000 Americans keep their homes and avoid going into foreclosure.

My hope, Madam President, is that number will actually be larger than that. That is a low estimate but certainly an important one. These families were simply seeking the American dream of home ownership. Sadly, in case after case after case, they were led astray. They were steered into mortgages they couldn't afford, and the people who steered them into those mortgages knew it because they were going to make their money quickly, and then they were going to sell the mortgage, move on, and never be accountable. In my view, these people should be going to prison for what they did.

I know people say that is a harsh conclusion, but to knowingly lure someone into a financial arrangement you know they could never afford, and to know full well they would end up defaulting on or falling behind, to me, that behavior is reprehensible and people ought to be held accountable. I am speaking of those who knowingly engaged in a practice that caused so much harm in our country. These are cases where often the mortgage brokers and loan officers pretended to be trusted financial advisers but were exactly the opposite. They had no intention and were doing nothing when it came to advising and providing help to these borrowers at all.

In fact, we now know, according to the Wall Street Journal, over 60 percent of the people who were talked into subprime loans actually could have qualified for a conventional mortgage at far lower cost to them than what a subprime mortgage cost. Sixty percent of these people were lured into that category by people who knew they had

an opportunity to qualify for something that would have cost them far less than they ended up paying.

Anyway, this part of our HOPE for Homeowners Act is a voluntary program that will help save these homes by forcing the lenders who chose to participate to take some losses. These are not bailouts. The borrowers will have to pledge at least 50 percent of all new equity and future appreciation in order to get the benefit of a new reduced mortgage at a fixed rate that they can afford to pay. So the lender takes a haircut. They are not going to get what they thought they were going to get, but they are not going to get zero; and the borrower gets to stay in his or her home. They are going to end up paying that insurance and also contributing a part of the equity that will increase over the years to compensate for this program.

There are many protections built into this program. Only homeowners will qualify; no speculators, only homeowners. No investors or speculators will be allowed to participate. Borrowers will have to show they cannot afford their current mortgages, and all loans will be underwritten at a level the borrower can afford to pay. New loans will be at 30-year fixed rate mortgages.

All of this is done at no cost to the taxpayer. In fact, over the next 10 years, the Congressional Budget Office tells us that the program will actually raise some \$250 million for the Treasury of the United States. This provision, combined with the government-sponsored enterprises—Fannie Mae, Freddie Mac, the home loan banks—regulatory reform of this bill, passed the Banking Committee 19 to 2, as I mentioned earlier.

Now, let me put to rest, if I can, an issue that has been raised. I have just described what this will do for that borrower who is with that very distressed mortgage. I can hear someone out there listening to these remarks and saying: Well, Senator, I live next door, and I have a mortgage I would like to get reduced as well. Now, I am not at risk of losing my home because I have my job and, frankly, I got a mortgage at a time when my broker and my banker worked out an arrangement that I could afford to pay. But why is that neighbor of mine getting this deal and I am not? Is that fair?

That is a good question. Let me say to you, as a borrower, first of all, I want to keep that borrower, if I can, in a home. If you are in a similar problem, we want to do what we can to help you. But you don't want that neighbor of yours to go into foreclosure. If your neighbor goes into foreclosure, then the value of your home that day begins to decline dramatically. The last thing any neighbors want on a block is foreclosed properties. So for every 8,000 or 9,000 people who go into foreclosure today, as they will, there are 16,000 people who live next door to that foreclosed property. And when the value of